

Message Text

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CINCEUR VAIHINGEN GER

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E.OM 11652: N/A

TAGS: PFOR, MT. LY

SUBJECT: LIBYAN LOAN TO MALTA

1. SUMMARY - REPRESENTATIVES OF THE CENTRAL BANKS OF LIYBA AND MALTA SIGNED A LOAN AGREEMENT IN VALLETTA ON JULY 30. UNDER THE TERMS OF THE

AGREEMENT, THE GOM WILL RECEIVE 7.2 MILLION DEUTSCHE MARKS (APPROXIMATELY US\$3 MILLION) AT 3 PERCENT INTEREST FOR 8 YEARS. REPAYMENT (IN DEUTSCHE MARKS) IS IN THREE EQUAL INSTALLMENTS DURING THE LAST THREE YEARS OF THE LOAN. THE UNTIED LOAN WILL BE USED TO FINANCE THE GOM MARSA SHIPYARD PROJECT. END SUMMARY

2. THE FULL TEXT OF PRIME MINISTER MINTOFF'S ANNOUNCEMENT OF THE AGREEMENT, READ IN PARLIAMENT JULY 30 BY MINISTER OF EDUCATION DR. J. CASSAR, IS AS FOLLOWS:

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"THE HOUSE AND THE MALTESE PEOPLE ARE SUFFICIENTLY

WELL AWARE TODAY OF THE CLOSE RELATIONS BETWEEN THE LIBYAN ARAB REPUBLIC AND THE REPUBLIC OF MALTA. THESE RELATIONS ARE GROWING EVER STRONGER.

"IN RECENT VISITS TO THE NEIGHBORING REPUBLIC I EXPLAINED, AMONGST OTHER THINGS, MALTA'S REQUIREMENTS IN THE DEVELOPMENTS SPHERE. PRESIDENT GADDAFI AND THE REVOLUTION COMMAND COUNCIL PROMISED ME ACTION.

"TODAY I AM IN A POSITION TO ANNOUNCE THAT THE GOVERNMENT OF THE LIBYAN ARAB REPUBLIC AND THE GOVERNMENT OF THE REPUBLIC OF MALTA, WITH THE OBJECT OF STRENGTHENING FRIENDSHIP AND ECONOMIC COOPERATION BETWEEN THEM, HAVE AGREED AS FOLLOWS:

"1. THE GOVERNMENT OF THE LIBYAN ARAB REPUBLIC IS TO GIVE THE GOVERNMENT OF THE REPUBLIC OF MALTA, IN THE FORM OF A LOAN AT 3 PER CENT INTEREST, THE SUM OF 7,200,000 GERMAN MARKS.

"2. THE LOAN IS REPAYABLE BY THE GOVERNMENT OF THE REPUBLIC OF MALTA IN THREE EQUAL INSTALLMENTS. THE FIRST INSTALLMENT IS TO BE PAID AT THE END OF THE SIXTH YEAR AFTER THE RECEIPT OF THE LOAN, THE SECOND INSTALLMENT AT THE END OF THE SEVENTH YEAR AND THE THIRD INSTALLEMENT IS PAYABLE AT THE END OF THE EIGHTH YEAR.

"3. THE LOAN IS REPAYABLE IN THE SAME CURRENCY IN WHICH IT IS MADE.

"THE AGREEMENT REGULATING THE LOAN WAS SIGNED THIS MORNING AT THE CENTRAL BANK OF MALTA BY MR. AL AKH REGEB-MISALLATI, DEPUTY GOVERNOR OF THE CENTRAL BANK OF LIBYA, ON BEHALF OF LIBYA, AND BY MR. LINO SPITERI, DEPUTY GOVERNOR OF THE CENTRAL BANK OF MALTA, ON OUR BEHALF.

"THE GOVERNMENT OF LIBYA DID NOT IN ANY WAY BIND THE MALTESE GOVERNMENT ABOUT THE USE TO BE MADE OF THE LOAN. OUR INTENTION IS TO USE THIS LOW-INTEREST LOAN TO CONTINUE TO FINANCE THE CONSTRUCTION AND EQUIPMENT OF THE NEW DOCKYARD BEING BUILT AT MARSALA.

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"I AM CERTAIN THAT ALL THE MEMBERS OF THIS HOUSE AND THE MALTESE PEOPLE WILL JOIN ME IN THANKING THE GOVERNMENT OF THE ARAB REPUBLIC OF LIBYA FOR THIS AID."

3. COMMENT: THE TERMS OF THIS LOAN ARE SURPRISINGLY TOUGH, CONSIDERING MINTOFF'S SO-CALLED "CLOSE RELATIONSHIP" WITH GADDAFI. FOR INSTANCE, THE DOLS 5 MILLION LOAN FROM SAUDI ARABIA ANNOUNCED IN 1974 IS INTEREST-FREE, AND REPAYABLE ONLY AFTER TEN

YEARS. EVEN OUR OWN 1973 SUPPORTING ASSISTANCE LOAN OFFERS FAR
BETTER TERMS. IF MINTOFF FELT HE HAD TO HAVE SOMETHING TO SHOW FOR
HIS PRO-LIBYAN POLICY, THIS SEEMS TO BE FAIRLY SLIM PICKINGS. SMITH

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